

Message Text

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PAGE 01 MOSCOW 09662 01 OF 02 061425Z
ACTION EUR-12

INFO OCT-01 ISO-00 AID-05 CIAE-00 EB-07 FRB-03 INR-07
NSAE-00 USIA-06 TRSE-00 XMB-02 OPIC-03 SP-02
LAB-04 EPG-02 SIL-01 OMB-01 NSC-05 SS-15 STR-04
CEA-01 ACDA-07 IO-13 L-03 NRC-05 OES-07 FEAE-00
DODE-00 PA-01 PRS-01 AGRE-00 /118 W
-----070468 061453Z /43

R 061300Z JUL 77
FM AMEMBASSY MOSCOW
TO SECSTATE WASHDC 9469
INFO AMEMBASSY BELGRADE
AMEMBASSY BERLIN
USMISSION BERLIN
AMEMBASSY BUCHAREST
AMEMBASSY BUDAPEST
AMCONSUL LENINGRAD
USMISSION NATO
AMEMBASSY PRAGUE
AMEMBASSY SOFIA
AMEMBASSY STOCKHOLM
AMEMBASSY WARSAW
USDOC WASHDC
ERDA WASHDC
ERDA GERMANTOWN MD

C O N F I D E N T I A L SECTION 1 OF 2 MOSCOW 9662

USDOC FOR BEWT

E.O. 11652: XGDS1
TAGS: ECON, EALR, PINR, PGOV, UR, ENRG
SUBJECT: FIFTEEN-YEAR PLAN HITS A SNAG

REF: MOSCOW 3303

SUMMARY: GOSPLAN HAS TOLD BOTH THE SWEDES AND AUSTRALIANS
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PAGE 02 MOSCOW 09662 01 OF 02 061425Z

THAT WORK ON THE FIFTEEN-YEAR PLAN (TO 1990) HAS STRUCK A
SNAG. BASIC PROBLEM WAS DESCRIBED AS "SERIOUS DIFFICULTIES"
IN ESTIMATING AND ALLOCATING ENERGY AND RAW MATERIALS
PRODUCTION AND FOREIGN TRADE AS WELL. END SUMMARY.

1. IN LATE MAY A SMALL GROUP OF AUSTRALIAN FSO'S ON AN
ORIENTATION VISIT MET WITH KOSHENTAYEVSKIY AND KOTOV OF

GOSPLAN (SEE BIO DATA IN PARA 4 BELOW). AN OFFICER OF THE AUSTRALIAN EMBASSY IN MOSCOW ASKED ABOUT THE LONG-TERM PLAN. ALTHOUGH THE REPLIES WERE GENERAL, THEY INDICATED THAT THE LONG-TERM PLAN WAS FAR FROM COMPLETE AND THAT THEY HAD ENCOUNTERED SERIOUS DIFFICULTIES IN ESTIMATING AND ALLOCATING PRODUCTION OF ENERGY AND NATURAL RESOURCES. LONG-TERM PLANNING FOR FOREIGN TRADE WAS ALSO DIFFICULT, THEY SAID, BECAUSE OF THE LACK OF LONG-TERM TRADE AND ECONOMIC AGREEMENTS, ESPECIALLY WITH THE WEST. THEY ALSO ALLUDED TO DIFFICULTIES IN OBTAINING ALL NECESSARY DATA INPUTS GENERALLY AND EXPRESSED CONCERN ABOUT FUTURE MANPOWER SHORTAGES.

2. GOSPLAN OFFICIALS SAID IT WAS LIKELY THAT THE LONG-TERM PLAN WOULD NOT BE PUBLISHED AND SUGGESTED THAT IT MAY BECOME A SET OF GENERAL GUIDELINES FOR USE BY STATE AND PARTY PLANNERS. ASKED HOW PLANNING INFORMATION WOULD BE MADE PUBLIC, KOTOV REPLIED, "BIT BY BIT." THEY DID NOT EXCLUDE PUBLISHING PLANS FOR LARGE INDUSTRIAL COMPLEXES AND DEVELOPMENT PROJECTS LIKE BAM.

3. KOSHENTAYEVSKIY TOLD THE SWEDES MUCH THE SAME THING ON MAY 17 WHEN THEY WENT IN TO TALK ABOUT BUYING NATURAL GAS. THE SWEDES WISH TO BUY SOVIET NATURAL GAS, PERHAPS FROM GERMANY VIA THE ORENBURG PIPELINE. IN EARLIER YEARS THE SOVIETS WERE UNWILLING TO DISCUSS A SALE OF NATURAL GAS
CONFIDENTIAL

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PAGE 03 MOSCOW 09662 01 OF 02 061425Z

TO SWEDEN VIA FINLAND, AND THE SWEDES THINK IT WAS BECAUSE THE AMMOUNT INVOLVED WAS TOO SMALL TO MAKE IT WORTHWHILE. THIS TIME, HOWEVER, GOSPLAN OFFICIAL SAID THAT THEY WERE CURRENTLY ENGAGED IN A LONG-TERM SURVEY OF THE ENERGY SITUATION--PRODUCTION AND DEMAND--THROUGH 1990. UNTIL THAT WAS COMPLETED THEY COULD NOT ESTIMATE HOW MUCH ADDITIONAL NATURAL GAS WOULD BE AVAILABLE FOR INTERNATIONAL TRADE. AS THE SWEDES HAD PREVIOUSLY BEEN TOLD THAT AN ANSWER WOULD BE READY IN MAY, THEY AGAIN ASKED WHEN AND WERE TOLD PERHAPS IN THE SUMMER OR FALL. THE FOLLOWING DAY, THE SWEDES DISCUSSED THE SAME MATTER WITH THE MINISTRY OF FOREIGN TRADE. MFT OFFICIALS SAID THAT THEY WOULD, INDEED, LIKE TO SEE NATURAL GAS TO SWEDEN, BUT THEY COULD NOT NEGOTIATE ON SUCH A DEAL BECAUSE THEY DID NOT KNOW HOW MUCH WOULD BE AVAILABLE. ASKED WHEN AN ANSWER MIGHT BE EXPECTED, MFT OFFICIALS REFERRED TO THE DIFFICULTIES INVOLVED IN MAKING SUCH ESTIMATES AND SAID THAT AN ANSWER WOULD PROBABLY NOT BE READY THIS YEAR.

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PAGE 01 MOSCOW 09662 02 OF 02 061446Z

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ERDA WASHDC

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C O N F I D E N T I A L SECTION 2 OF 2 MOSCOW 9662

4. AS THE CAPACITY OF THE ORENBURG PIPELINE AND EXISTING
COMMITMENTS OF PRODUCT ARE KNOWN, THE SWEDISH EMBASSY IN
MOSCOW IS INCLINED TO BELIEVE THAT THE SOVIETS DO NOT
WISH TO MAKE ANY FURTHER COMMITMENTS AT THIS STAGE BECAUSE
THEY ARE UNCERTAIN ABOUT THE FUTURE DOMESTIC ENERGY
SITUATION. SWEDISH ECONOMIC OFFICER WHO WAS PRESENT AT
BOTH MEETINGS HAD THE IMPRESSION THAT THE SOVIET OFFICIALS
WERE MORE CONCERNED ABOUT VOLUME OF SUPPLY AND LEVELS OF
DOMESTIC DEMAND THAN QUESTIONS OF POSSIBLE PRICE RISES
CONFIDENTIAL

CONFIDENTIAL

PAGE 02 MOSCOW 09662 02 OF 02 061446Z

ON THE INTERNATIONAL MARKET AND OF ALLOCATIONS AMONG
FOREIGN COUNTRIES.

5. KOSHENTAYEVSKIY IS THE REGULAR POINT OF CONTACT AT GOSPLAN FOR THE SWEDES. HE IS A DEPUTY CHIEF OF DEPARTMENT (ZAMESTITEL' NACHAL'NIKA OTDELA), AND IT SEEMS LIKELY THAT HE IS THE SAME VITALIY SERGEYEVICH KOSHENTAYEVSKIY WHO FOR MORE THAN A DECADE WAS CHIEF OF THE NORTHERN COUNTRIES DEPARTMENT (SCANDANAVIA) IN THE ADMINISTRATION FOR TRADE WITH WESTERN COUNTRIES OF THE MINISTRY OF FOREIGN TRADE (SEE CR A 73-31 AND A (CR) 75-45). FEDOR IVANOVICH KOTOV, A DEPUTY CHIEF OF THE GENERAL POLICY DEPARTMENT, WAS PRESENT FOR THE MEETING WITH THE AUSTRALIANS. IN ADDITION TO KOSHENTAYEVSKIY THE MEETING WITH THE SWEDES INCLUDED ALEKSANDR SERGEYEVICH BUROV, HEAD OF DIVISION (PODOTDELA), AND ALEKSANDR A. SOLOVIOV, SENIOR SPECIALIST OF DEPARTMENT.

6. COMMENT: IN MARCH GOSPLAN'S MORDVINOV WAS TELLING DIPLOMATS THAT THE FIFTEEN-YEAR PLAN WOULD BE COMPLETED IN MAY AND PUBLISHED "FOR DISCUSSION" PER A DECISION OF THE SUPREME SOVIETT (MOSCOW 3303). IF MORDVINOV WAS ACCURATELY REPORTING THE SITUATION WITHIN GOSPLAN AT THAT TIME, IT WOULD APPEAR THAT THE PLANNING DIFFICULTIES BECAME MORE OBVIOUS OVER THE NEXT SEVERAL WEEKS AND BY EARLY TO MID-MAY IT WAS CLEAR THAT AT LEAST MONTHS MORE WORK WOULD BE NECESSARY. ALTHOUGH THE CONNECTION MAY BE NO MORE THAN CHRONOLOGICAL, IT IS INTERESTING TO NOTE THAT RATHER PESSIMISTIC FORECASTS ABOUT SOVIET ENERGY BY OTHER GOVERNMENTS BECAME KNOWN IN THAT SAME TIMEFRAME.

7. ONE INDICATION THAT THE PLANNING PROCESS IS STILL ONGOING WAS CONTAINED IN A JUNE 16 TASS VESTNIK ARTICLE.
CONFIDENTIAL

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PAGE 03 MOSCOW 09662 02 OF 02 061446Z

IT SAID THAT "PERSPECTIVE PLANS" FOR THE COUNTRY'S ECONOMIC DEVELOPMENT THROUGH 1990 "WERE BEING WORKED OUT" AND RESEARCH INSTITUTES AND DESIGN BUREAUS WERE EXPERIMENTING IN USING NEW SOURCES OF ENERGY. THE IMPORTANCE OF ATOMIC ENERGY COMPARED WITH CONVENTIONAL FUELS WAS HIGHLIGHTED BY A JUNE 21 NEWS STORY THAT ATOMIC ENERGY IS SUPPOSED TO ACCOUNT FOR ABOUT 21 PERCENT OF THE NEW ELECTRICAL CAPACITY TO BE COMMISSIONED THROUGH 1980. IGOR MOROKHOV, FIRST DEPUTY CHAIRMAN OF THE STATE COMMITTEE FOR THE UTILIZATION OF ATOMIC ENERGY, SAID THAT ATOMIC ENERGY WILL ACCOUNT FOR 13-15 MILLION OUT OF 60-70 MILLION KILOWATTS. (SEE ALSO MOSCOW 5176.)

8. GOSPLAN OFFICIALS MENTIONED PROBLEMS IN ESTIMATING FOREIGN TRADE, BUT MANY OF THESE CAN BE TRACED BACK TO THE USSR'S ENERGY AND NATURAL RESOURCES SECTORS. (LAST WEEK, IN FACT, ANOTHER GOSPLAN OFFICIAL ((KUZMIN)) RESPONDED TO A QUESTION ABOUT PLANNING PROBLEMS

BY SAYING, "HOW CAN WE BE EXPECTED TO PLAN FOREIGN TRADE WHEN WE CANNOT PLAN PRODUCTION?") PRODUCTION FROM THESE SECTORS ACCOUNTS FOR A SUBSTANTIAL PART OF SOVIET EXPORTS AND THAT AFFECTS HARD CURRENCY AVAILABILITIES. MOREOVER, THE LEVEL AND PACE OF DOMESTIC PRODUCTION GOALS WOULD SIGNIFICANTLY AFFECT IMPORT PLANS BECAUSE IMPORTED EQUIPMENT PLAYS AN IMPORTANT ROLE THERE TOO. WESTERN PRICING AND CREDIT POLICIES AND OTHER UNCERTAINTIES ABOUT WORLD TRADE JUST FURTHER COMPLICATE THE PROCESS FOR THE SOVIETS.

9. IT SEEMS TO US THAT GOSPLAN MUST HAVE ENCOUNTERED TRULY SERIOUS DIFFICULTIES FOR THEM TO HAVE SO UPSET THE PRODUCTION OF WHAT IS, AFTER ALL, A PRESPECTIVE PLAN WITH FAIRLY WIDE RANGES RATHER THAN POINT ESTIMATES. MOREOVER, IT IS NOT USUAL FOR SOVIET OFFICIALS TO ADMIT TO SUCH PROBLEMS OR TO INDICATE THE SOURCES OF THE DIFFICULTIES; THAT BEHAVIOR, TOO, SUGGESTS THAT THE DIFFICULTIES ARE SERIOUS ONES.
CONFIDENTIAL

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PAGE 04 MOSCOW 09662 02 OF 02 061446Z

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Message Attributes

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